

State of Alaska FY2007 Governor's Operating Budget

Department of Natural Resources Land Sales & Municipal Entitlements Component Budget Summary

Component: Land Sales & Municipal Entitlements

Contribution to Department's Mission

To make land available for private and public use by present and future Alaskans by conveying title to individuals through direct land sale programs and to municipalities under the entitlement and other programs.

Core Services

- **REVENUE GENERATION:** In FY07, this component is expected to generate \$ 5.8 million in revenue, at a cost of ~\$4.0 million. The revenue comes from sale of state land. This is almost three (3) times as much revenue as DNR was receiving from state land sales in FY01. Most of the costs in this component are for preparing land for sale. This component also includes conveyance of state land to municipalities. One of the purposes of the municipal entitlement conveyance program is to generate revenue for local governments, therefore the municipal entitlement program results in net loss of revenue to the state government when income producing lands are transferred.

This component provides the following services:

- **LAND SALES TO INDIVIDUAL ALASKANS.** This program makes land available for private ownership. Tasks include: new land sales; new remote recreational cabin offerings; identify and classify additional lands for private ownership; and administering land sale contracts for lands previously offered. The 2000 Legislature revised the state land sale program and gave the Division very specific performance measures for land sales. The Division is proud that it met these performance measures in FY01, 02, 03, 04, and FY05, and expects to continue to meet them in FY06, and expand them in FY07. For specific performance measures, see "Key Component Challenges, and Major Component Accomplishments."
- **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS.** This program transfers land to municipalities to provide an economic base for municipalities and to provide land for community needs. The land is transferred in fulfillment of their municipal entitlements under AS 29.65. The legislature approved an increment in FY03 that enabled DNR to accelerate the task of municipal conveyances. Municipal conveyances have increased from roughly 5,000 acres in past years, to 28,000 acres in FY04, 5,800 acres in FY05, an expected 292,000 acres in FY 06, and an estimated 60,000 acres in FY07. This accelerated conveyance program will eliminate what was a 50-year entitlement backlog within a decade. The major focus of the FY 07 DNR work will be the remaining North Slope, Lake and Peninsula, Kenai, and Denali borough entitlements.
- **TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES.** DNR transfers state owned tidelands to municipalities for existing and proposed development projects under AS 38.05.825 and upland parcels for public purposes under AS 38.05.810. The Division expects to process 0 parcels under these programs in FY06 and 4 in FY07.
- **PREFERENCE RIGHT LAND SALES TO INDIVIDUALS.** DNR negotiates sales to individuals that qualify for preference right sales. The workload is determined in part by the number and complexity of applications. The Division expects to process 20 preference right applications in FY07. One additional position was added in FY06 to work on preference right applications; however, there are many very complex cases that will be under review in FY07, slowing down the volume of applications processed.
- **LAND EXCHANGES.** Due to past budget reductions, land exchanges are only performed when one of the parties desiring the exchange is willing to pay for this service. In FY05, DNR started work on a land exchange with the National Park Service so that the state can acquire land near Gustavus for a hydroelectric project (Falls Creek). NPS has agreed to cover the contractual costs to enable this exchange which continues to FY06. In the same year and continuing to FY06, DNR and the Matanuska Susitna Borough are developing a land exchange that will allow the state of acquire Borough land within LDAs and the Borough to acquire state land better suited for community purpose. The Borough is paying for the costs of this exchange. No land

exchanges are included in this budget; however, when a significant state interest is involved, a reimbursement agreement may be used to fund the process.

- LAND PLANNING FOR DISPOSAL AND DEVELOPMENT.** Preparation of land use and development plans for state land are largely funded through this component. These land use plans identify and classify land for new land disposals, land transfers to municipalities, timber harvest, and other development. In FY05, DNR completed revisions of area plans for Kodiak Island and the Bristol Bay region. In FY06, DNR will continue planning efforts in Northwest Alaska and the Tanana Basin that will designate land for development and enable DNR to process municipal entitlement selections for the Northwest Arctic and Denali boroughs.

End Results	Strategies to Achieve Results
<p>A: An adequate amount of state land is transferred into private ownership by individual Alaskans and to Municipalities for settlement, recreation, development and other uses.</p> <p><u>Target #1:</u> Sell 300 parcels of land (approximately 3,000 acres) per year. <u>Measure #1:</u> Number of new parcels sold or under contract for sale.</p> <p><u>Target #2:</u> Provide Alaskans local governance and use of state land by transferring of 60,000 acres of state land to municipalities. <u>Measure #2:</u> Acres transferred (approved) to municipalities.</p> <p><u>Target #3:</u> Ensure that state land sales pay for program costs and generate a return to the state treasury. <u>Measure #3:</u> Annual net revenue from state land sales.</p>	<p>A1: Offer land for sale to the public through a variety of programs.</p> <p><u>Target #1:</u> Offer 2,000 parcels of land for sale over-the-counter. <u>Measure #1:</u> Number of parcels for sale over-the-counter.</p> <p><u>Target #2:</u> Offer 250 Remote Recreation Cabin Stakings. <u>Measure #2:</u> Number of stakings offered.</p> <p><u>Target #3:</u> Offer 300 parcels of land at auction. <u>Measure #3:</u> Number of parcels offered for sale at auction.</p> <p><u>Target #4:</u> Process 20 Preference Rights Applications in FY07. <u>Measure #4:</u> Number of Preference Right applications processed.</p> <p>A2: Identify and classify land for future land sales, transfers to municipalities, and other resource development.</p> <p><u>Target #1:</u> Complete or revise two land use plans that classify the appropriate use of state land, including settlement, other forms of development, and transfer to municipalities. <u>Measure #1:</u> Number of plans completed or revised.</p> <p><u>Target #2:</u> Classify 147,700 acres of land for settlement (for future municipal entitlements or land sales) in FY07. <u>Measure #2:</u> Acres classified through land use plans for settlement, agriculture, or to other land classifications that enable conveyances to municipalities, and other land disposals.</p> <p>A3: Sell state land at fair market value to generate revenue to pay for future land sale costs and generate return to the General Fund, including long-term return through land sale contracts.</p> <p><u>Target #1:</u> Collect an estimated \$5.8 million in annual revenue from various land sale programs in FY07. <u>Measure #1:</u> Dollars received from land sales.</p>

	<p><u>Target #2:</u> Maintain 2,200 land sale contracts from past land sales.</p> <p><u>Measure #2:</u> Number of land sale contracts maintained.</p> <p>A4: Transfer state land to municipalities to encourage their growth and development, to generate revenue for municipalities, and for municipal land sale programs.</p> <p><u>Target #1:</u> Approve transfer of 250,000 acres to municipalities in FY06, and 60,000 acres in FY07.</p> <p><u>Measure #1:</u> Acres included in final decisions.</p>
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Major Activities to Advance Strategies

- Offer 300 parcels at auction. Parcels which do not sell at auction are offered over the counter. (As of 07/06 we est. there will be 2,000 parcels OTC)
- Sell 285 parcels of land per year, through auctions, Over-the-Counter, Preference Right applications, or finalized sales from RRCS staking program.
- Grant 250 Remote recreation cabin staking authorizations.
- Process 20 preference rights applications.
- Issue 285 deeds to transfer title once full purchase price is paid.
- Identify and classify at least 5,000 acres of land for settlement through land use plans.
- Identify and classify at least 40,000 acres for potential transfer to municipalities and other resource development.
- Revise or prepare 2 land use plans.
- Appraise 300 new parcels being offered for sale.
- Actively market the 2,000 OTC parcels and 300 auction parcels through public information campaigns.
- Accept down payments and enter into purchase agreements or long-term sale contracts with new purchasers.
- Maintain and collect payments for land sale contracts from past land sales.
- Issue final administrative decisions to approve municipal selections for 60,000 acres.
- Issue patents or other deeds to municipalities for 6,000 acres.
- Issue final administrative decisions and issue patents to municipalities for 4 tidelands tracts.

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$3,865,600	Personnel:	
	Full time	47
	Part time	0
	Total	47

Performance Measure Detail

A: Result - An adequate amount of state land is transferred into private ownership by individual Alaskans and to Municipalities for settlement, recreation, development and other uses.

Target #1: Sell 300 parcels of land (approximately 3,000 acres) per year.

Measure #1: Number of new parcels sold or under contract for sale.

Number of Parcels sold

Year	Acres	YTD Total	Target
2002	2,879	470	150
2003	4,647	605	150
2004	1,694	575	410
2005	3,251	374	450

Analysis of results and challenges: FY05 Results

Auction: 67 Parcels Sold, 552 Acres sold or under contract for sale

OTC Auction: 307 Parcels Sold, 2,699 Acres sold or under contract for sale

Total: 374 Parcels Sold, 3,251 Acres sold or under contract for sale

The results are a combination of the auctions and over-the-counter sales. It is becoming increasingly difficult to meet the targets due to several reasons. There are less and less desirable areas available that are classified settlement in the area plans. When sale areas or parcels are identified in organized boroughs, the boroughs are placing increasingly more difficult requirements on the state before their platting authorities will approve the sales. This places the division in the position of having to drop some desirable areas. The timeline to produce land disposals with the given land ownership patterns, borough restrictions, access development requirements, and land problem resolution is becoming difficult. In the two previous fiscal years, there was a substantial amount of old disposals that could be reoffered to help meet this goal but now there is a greater workload to prepare new areas that were not previously offered.

Target #2: Provide Alaskans local governance and use of state land by transferring of 60,000 acres of state land to municipalities.

Measure #2: Acres transferred (approved) to municipalities.

Acres transferred to municipalities

Year	YTD Total
2004	24,811
2005	27,306

Analysis of results and challenges: In FY03, the legislature agreed to fund a comprehensive, public process to ensure that several boroughs with large remaining entitlements could get the land owed them by the state. The six boroughs targeted through this project were: Yakutat, Aleutians East, Lake and Peninsula, Northwest Arctic, Denali and North Slope. Decisions to convey land to Yakutat were completed in FY04 and to the Aleutians East Borough, in FY05. Decisions to convey all or part of the entitlements of the Northwest Arctic, Lake and Peninsula, and Matanuska-Susitna boroughs are scheduled for FY06, and portions of the Lake and Peninsula and Denali Borough's entitlements, in FY07. Substantial work on these decisions has been completed and work has begun on the conveyance of land to the North Slope. In addition, the state is working to complete one of the last remaining large, outstanding entitlements – that of the Kenai Peninsula Borough. The challenge is to meet the performance measures for this program 60,000 acres in FY07 and 80,000 acres in FY08.

Although it was intended that 50,000 acres would be conveyed to municipalities in FY05, these conveyances are dependent upon the revision of area plans and upon the time it takes to subsequently prepare and process the numerous DNR decisions that actually convey land to municipalities. Both the revision of the area plan and preparation of the decisions have occurred, but these processes took longer than expected. About 70,000 acres of state land will be conveyed to the Lake and Peninsula Borough and 210,000 acres to the Northwest Arctic Borough in FY06.

Target #3: Ensure that state land sales pay for program costs and generate a return to the state treasury.

Measure #3: Annual net revenue from state land sales.

Annual net revenue from state land sales

Year	YTD Total
2004	3.4 Million
2005	2.1 Million

Analysis of results and challenges: Total Receipts in FY05: \$5.2 million
Total Costs in FY05: \$3 million

The numbers of parcels sold are decreasing, but new parcels developed are of greater quality and net greater revenue. It is becoming difficult to meet our goal of 300 parcels to offer at auction each year to sustain the revenue stream. This has become difficult due to the scarcity of good land along roadways, so the program is investing in roads in some cases.

A1: Strategy - Offer land for sale to the public through a variety of programs.

Target #1: Offer 2,000 parcels of land for sale over-the-counter.

Measure #1: Number of parcels for sale over-the-counter.

Year	YTD Total
2002	2,418
2003	3,200
2004	3,427
2005	2,783

Analysis of results and challenges: The number of OTC parcels available for the year is the amount that is available on July 1, of each year. The number will gradually decrease until OTC parcels are a minimal portion of land sales. It is hoped that this loss of revenue will be made up with the higher quality auction parcels.

Target #2: Offer 250 Remote Recreation Cabin Stakings.

Measure #2: Number of stakings offered.

Year	YTD Total
2002	295
2003	231
2004	266
2005	270

Analysis of results and challenges: The entire number of Remote Rec Staking Authorizations offered each year is the amount offered in the July lottery, which was the 270.

Target #3: Offer 300 parcels of land at auction.

Measure #3: Number of parcels offered for sale at auction.

Year	YTD Total
2002	40
2003	0
2004	139
2005	158

Analysis of results and challenges: The target for FY05 was 100 but has increased to 200 during FY06. The new subdivision parcels (never before offered) were 105 and were sold in the May auction in the fourth quarter. An additional 53 reoffered parcels were included in the auction. Our total number of auction parcels were therefore 158 in the FY05 Auction #435. Not all auction parcels will be new subdivisions, but may include

reoffers of previous sales on which better access, roads or utilities, hazmat cleanup or trespass removal has occurred.

Target #4: Process 20 Preference Rights Applications in FY07.

Measure #4: Number of Preference Right applications processed.

Year	YTD Total
2002	10
2003	12
2004	25
2005	26

Analysis of results and challenges: Preference Rights applications have been coming in larger numbers over the past year or more. The Division expects to process 20 preference right applications in FY07. One additional position was added in FY06 to work on preference right applications; however, there are many very complex cases that will be under review in FY06, slowing down the volume of applications that will be processed.

A large number of preference right applicable leases in the Kasilof-Cohoe subdivisions prompted a joint final finding which has been underway for months. They were finally processed this quarter. (The count goes by when a final finding is issued or when a rejection letter is sent, whichever is applicable).

A2: Strategy - Identify and classify land for future land sales, transfers to municipalities, and other resource development.

Target #1: Complete or revise two land use plans that classify the appropriate use of state land, including settlement, other forms of development, and transfer to municipalities.

Measure #1: Number of plans completed or revised.

Of Land Use Plans

Year	YTD Total
2004	1
2005	2

Analysis of results and challenges: In FY05, the Kodiak Area Plan classified 56,200 acres for grazing, 45,300 acres for settlement, and up to 276,600 acres for other potential development. In the same fiscal year, the Bristol Bay Area Plan classified 331,400 acres for minerals development, 640,900 acres for settlement, and 9,409,400 acres for other forms of development. It also classified 956,800 acres of tidelands, to support potential development. In FY06, revisions to the Northwest Arctic Area Plan will result in about 147,700 acres classified for settlement, and, in FY07, revisions to the Tanana Basin Area Plan will result in over 30,000 acres being classified to public recreation. The land affected by these revisions is intended to fulfill the municipal entitlements of the Northwest Arctic and Denali Boroughs. Often, there may be substantial differences in the acres classified for settlement, transfer, or other forms of development. This results from the timing of area plan adoption, which varies from year to year. The classification or reclassification of state lands, which results from the adoption of these plans, therefore also varies annually significantly, and is the reason for the large difference in acreage given for FY04 and FY05

Target #2: Classify 147,700 acres of land for settlement (for future municipal entitlements or land sales) in FY07.

Measure #2: Acres classified through land use plans for settlement, agriculture, or to other land classifications that enable conveyances to municipalities, and other land disposals.

of acres classified for settlement and other disposals

Year	YTD Total	Target
2004	47,000	50,000
2005	742,500	500,000

Analysis of results and challenges: In FY05, the Kodiak Area Plan classified 101,600 acres for settlement and agriculture (grazing) and the Bristol Bay Area Plan classified 640,900 acres for settlement. In FY06 an amendment to the Northwest Area Plan will classify 147,700 acres for settlement, to enable the conveyance of state land to the Northwest Arctic Borough. In FY07, about 30,000 acres are to be classified for public recreation in the revision to the Tanana Basin Area Plan, to enable its eventual transfer to the Denali Borough. Often, there may be substantial differences in the acres classified for settlement, agriculture, and other land disposals. This results from the timing of area plan adoption, which varies from year to year. The classification or reclassification of state lands, which results from the adoption of these plans, therefore also varies annually significantly.

A3: Strategy - Sell state land at fair market value to generate revenue to pay for future land sale costs and generate return to the General Fund, including long-term return through land sale contracts.

Target #1: Collect an estimated \$5.8 million in annual revenue from various land sale programs in FY07.

Measure #1: Dollars received from land sales.

Year	YTD Total
2002	\$3.0 M
2003	\$4.6 M
2004	\$5.3 M
2005	\$5.2 M

Analysis of results and challenges: Amounts noted as revenue in this category do not include Remote Recreational revenue. The revenue has dropped slightly due to the reduced number of over the counter parcels that were sold in FY05. The OTC inventory is reducing in size as more parcels are sold. In FY07 we expect to have more parcels sold with access roads developed, therefore creating higher priced and more desirable parcels. This combined with the higher number of parcels offered will probably result in higher revenues.

Target #2: Maintain 2,200 land sale contracts from past land sales.

Measure #2: Number of land sale contracts maintained.

Year	YTD Total
2002	1,398
2003	1,496
2004	1,878
2005	2,071

Analysis of results and challenges: This number fluctuates slightly from quarter to quarter and represents the same base amount of contracts yearlong. In other words, some portion of the number of contracts maintained in the 4th quarter are also being maintained in each of the other quarters, so numbers would not add up to a total. About 80% of all purchasers request a land sale contract. This means that revenue from prior sales is received over a period of years and multiple payments.

A4: Strategy - Transfer state land to municipalities to encourage their growth and development, to generate revenue for municipalities, and for municipal land sale programs.

Target #1: Approve transfer of 250,000 acres to municipalities in FY06, and 60,000 acres in FY07.

Measure #1: Acres included in final decisions.

Year	YTD Total
2004	24,810
2005	27,306

Analysis of results and challenges: In FY03, the legislature agreed to fund a comprehensive, public process to ensure that several boroughs with large remaining entitlements could get the land owed them by the state. The six boroughs targeted through this project were: Yakutat, Aleutians East, Land and Peninsula, Northwest Arctic, Denali and North Slope. Decisions to convey land to Yakutat were completed in FY04 and to the Aleutians East Borough, in FY05. Decisions to convey all or part of the entitlements of the Northwest Arctic, Lake and Peninsula, and Matanuska-Susitna boroughs are scheduled for FY06, and portions of the Lake and Peninsula and Denali Borough's entitlements, in FY07. Substantial work on these decisions has been completed and work will begin on the conveyance of land to the North Slope. In addition, the state is working to complete one of the last remaining large, outstanding entitlements – that of the Kenai Peninsula Borough. The challenge is to meet the performance measures for this program 60,000 acres in FY07 and 80,000 acres in FY08.

Although it was intended that 50,000 acres would be conveyed to municipalities in FY05, these conveyances are dependent upon the revision of area plans and upon the time it takes to subsequently prepare and process the numerous DNR decisions that actually convey land to municipalities. Both the revision of the area plan and preparation of the decisions have occurred, but these processes took longer than expected. About 70,000 acres of state land will be conveyed to the Lake and Peninsula Borough in FY06.

Key Component Challenges

LAND SALES TO ALASKANS.

The key issue for land sales for FY07 is to identify and offer new areas for sale under the Subdivision and Remote Recreational Cabin programs. The 2000 legislature provided specific performance measures for the Division to meet in its land sale program. These were: 1) to offer the entire inventory of the state's unsold parcels up for sale in FY02 and FY03 in a manner that they remain permanently for sale until sold; 2) beginning in FY02 to annually offer at least 250 parcels for the remote recreation cabin program (the "stake-it-yourself" program); and 3) beginning in FY 04 to offer at least 100 new pre-surveyed (subdivision) lots each year. A 2004 budget increase enabled DNR to expand the subdivision program to 200 new pre-surveyed lots in FY06 and 300 in FY07, then stabilizing in future years. DNR has met or exceeded all of these targets.

DNR is finding it to increasingly more challenging to maintain land sales at the level of 250 remote recreation parcels and 300 subdivision lots per year due to several reasons. The recent large acreages conveyed to municipalities and the recent grant of 250,000 acres of state land to the University of Alaska have removed some of the most accessible and desirable state land from DNR's long-term land disposal portfolio. As a result, there are increasingly less desirable areas available that are classified settlement in the area plans. In addition, when sale areas or parcels are identified in organized boroughs, the boroughs are placing increasingly more difficult and expensive requirements on the state before their platting authorities will approve the sales. This places the division in the position of having to drop some desirable areas. The timeline to produce land disposals with the given land ownership patterns, borough restrictions, access development requirements, and land problem resolution is becoming difficult. In addition, as DNR offers land in more remote areas, the value of the land decreases, thereby resulting in a reduction of revenue.

LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS

Over the last few years, the state has made a significant effort to finalize land ownership patterns: final state selections from the federal government were made and prioritized in 1994, and have been recently updated for submittal to BLM. The Mental Health land trust land dispute was settled in 1994, and recent legislation will result in state land being transferred to the University of Alaska, in fulfillment of the Governor's pledge to expand the land endowment for the University. In addition, in 2001 the state has resumed its land disposal program to transfer land to private individuals. DNR has committed to resolving the one remaining piece, the resolution of municipal entitlements.

In FY03, the legislature agreed to fund a comprehensive, public process to ensure that several boroughs with large remaining entitlements could get the land owed them by the state. The six boroughs targeted through this project were: Yakutat, Aleutians East, Lake and Peninsula, Northwest Arctic, Denali and North Slope. Decisions to convey land to Yakutat were completed in FY04 and to the Aleutians East Borough in FY05. Decisions to convey all or part of the entitlements of the Northwest Arctic, Lake and Peninsula and Matanuska-Susitna boroughs are scheduled for FY06, and portions of the Lake and Peninsula and Denali Borough's entitlements, in FY07. Substantial work on these decisions has been completed and work has begun on the conveyance of land to the North Slope. In addition, the state is working to complete one of the last remaining large, outstanding entitlements -- that of the Kenai Peninsula Borough. The challenge is to meet the performance measures for this program 60,000 acres in FY07 and 80,000 acres in FY08.

Significant Changes in Results to be Delivered in FY2007

The Division is proposing to increase the number of pre-surveyed lots offered for sale to Alaskans to 300 in FY07.

Major Component Accomplishments in 2005

The following table is a summary of DNR's land sale costs and revenue since the Land Disposal Income Fund was set up by the legislature starting in FY01. Revenues have steadily increased and significantly exceed what was projected in 2000. Initially revenue increase resulted from DNR marketing of previously unsold, but already surveyed, parcels of state land. More recent revenues also included sale of new subdivisions and preference right sales as well as ongoing payments from prior land sales under contract. Costs have also increased because DNR is now preparing and offering new areas for sale to the public under both the subdivision and remote recreation cabin programs. These figures include the costs for surveys and platting, and road construction in some subdivisions.

Revenue	Land Disposal Fund (in \$000s)				
	FY01	FY02	FY03	FY04	FY05
Mining Land & Water	\$1,977.0	\$3,012.0	\$4,613.0	\$5,165.0	\$5,633.0
Agriculture	\$801.0	\$670.0	\$1,472.0	\$689.0	\$424.0
Total Revenue	\$2,778.0	\$3,682.0	\$6,085.0	\$5,854.0	\$6,057.0
Costs					
Mining Land & Water (1)	\$1,774.0	\$1,961.0	\$2,590.0	\$3,400.0	\$4,290.0
Agriculture	\$317.0	\$263.0	\$500.0	\$415.0	\$339.0
Total Costs	\$2,091.0	\$2,224.0	\$3,090.0	\$3,815.0	\$4,639.0
Fund Balance					
Annual Net Revenue-Costs	\$687.0	\$1,458.0	\$2,995.0	\$2,039.0	\$1,428.0
Cumulative balance (2)	\$687.0	\$2,145.0	\$5,140.0	\$3,889.0	\$4,570.0

(1) FY 04 costs Includes over \$1 million in CIP for Future projects; FY 05 costs include \$1.8 million in CIP for Future projects.

(2) Actual LDIF balance left after funds were appropriated to other programs.

LAND SALES TO INDIVIDUAL ALASKANS. In FY05, the department sold 374 parcels or 3,251 acres for a total value of \$4,436,720.00 in over-the-counter and auction sales (gross sales price during that year only, does not reflect revenue received by the State, which is higher). DNR offered over 100 entirely new parcels, including new subdivisions where DNR constructed internal subdivision roads to increase the value of the land and to meet borough platting requirements. Additionally, DNR offered 270 parcels for individuals to stake for remote recreational cabin sites in FY05 and prepared an additional 34 surveyed remote parcels for sale. It is expected that the over-the-counter sales will level off in future years but that the auction parcels will be more popular and therefore bring a higher price therefore continuing to fund an ongoing land sale programs. In addition, DNR will increase auction offerings to 200 parcels in FY 06 and 300 in FY 07.

LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS. In FY05, DNR approved for conveyance municipal entitlement selections totaling 5,832 acres, completing the Aleutians East Borough's entitlement as well as other small conveyances. DNR also largely completed the revisions to the Bristol Bay Area Plan that will enable transfer of approximately 70,000 acres to the Lake and Peninsula Borough in FY06.

TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES. In FY05, DNR processed one municipal tideland selection totaling 343 acres.

LAND PLANNING FOR DISPOSAL AND DEVELOPMENT. In FY05, both the Kodiak Area Plan and the Bristol Bay Area Plan were completed. The Kodiak plan classified over 378,000 acres for grazing, settlement and potential development on uplands; an additional 3.8 million acres of tidelands were classified to enable potential development to occur on these areas. The Bristol Bay plan classified over 10 million acres for minerals development, settlement, or other potential forms of upland development. An additional 7.9 million acres of state tide and submerged lands were also classified. The revision of the Bristol Bay plan enabled the conveyance of 5,500 acres to the Aleutians East Borough and an anticipated 70,000 acres to the Lake and Peninsula Borough in FY06. Approval of the Kodiak plan enabled several potential land disposals.

The revision of the Nushagak-Mulchatna Rivers Recreation Rivers Plan, which occurred with the Bristol Bay Area Plan, updated the management of this large river system in the Bristol Bay region. Changes to this plan both ensured adequate protection to the resources within this drainage, while allowing for potential commercial recreation development in several upland areas.

Statutory and Regulatory Authority

The Land Sales and Municipal Entitlements Component operates under the following authorities:

Statutory

AS 29.65
 AS 38.04
 AS 38.05.035
 AS 38.05.055 - 068
 AS 38.05.125
 AS 38.05.300
 AS 38.05.810 - 825
 AS 38.05.840
 AS 38.05.860
 AS 38.05.940
 AS 38.08
 AS 38.09
 AS 38.50

Regulatory

11AAC (numerous sections)

Contact Information

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Land Sales & Municipal Entitlements Component Financial Summary

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,415.4	3,167.6	3,362.0
72000 Travel	58.0	47.0	47.0
73000 Services	618.8	896.3	416.3
74000 Commodities	137.1	40.3	40.3
75000 Capital Outlay	4.8	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,234.1	4,151.2	3,865.6
Funding Sources:			
1002 Federal Receipts	45.9	96.8	99.3
1007 Inter-Agency Receipts	0.0	55.0	55.0
1061 Capital Improvement Project Receipts	5.1	0.0	0.0
1108 Statutory Designated Program Receipts	22.7	74.6	74.6
1153 State Land Disposal Income Fund	3,160.4	3,924.8	3,636.7
Funding Totals	3,234.1	4,151.2	3,865.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
State Land Disposal Income Fund	51434	2,097.5	1,643.6	2,349.0
Unrestricted Fund	68515	223.6	0.0	226.0
Unrestricted Total		2,321.1	1,643.6	2,575.0
Restricted Revenues				
Federal Receipts	51010	45.9	96.8	99.3
Interagency Receipts	51015	0.0	55.0	55.0
Statutory Designated Program Receipts	51063	22.7	74.6	74.6
Capital Improvement Project Receipts	51200	5.1	0.0	0.0
State Land Disposal Income Fund	51434	3,160.4	3,924.8	3,636.7
Restricted Total		3,234.1	4,151.2	3,865.6
Total Estimated Revenues		5,555.2	5,794.8	6,440.6

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	96.8	4,054.4	4,151.2
Adjustments which will continue current level of service:				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	0.7	57.3	58.0
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.1	8.1	8.2
-FY 07 Retirement Systems Cost Increase	0.0	1.4	106.4	107.8
Proposed budget decreases:				
-Decrease funds for survey and appraisal costs covered in the capital budget	0.0	0.0	-480.0	-480.0
Proposed budget increases:				
-Risk Management Self-Insurance Funding Increase	0.0	0.3	20.1	20.4
FY2007 Governor	0.0	99.3	3,766.3	3,865.6

**Land Sales & Municipal Entitlements
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	48	47	Annual Salaries	2,182,448
Part-time	0	0	COLA	60,289
Nonpermanent	0	0	Premium Pay	959
			Annual Benefits	1,313,412
			Less 5.49% Vacancy Factor	(195,108)
			Lump Sum Premium Pay	0
Totals	48	47	Total Personal Services	3,362,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Appraiser II	1	0	0	0	1
Cartographer II	1	0	0	0	1
Land Survey Asst II	1	0	0	0	1
Land Surveyor I	4	0	0	0	4
Land Surveyor II	1	0	0	0	1
Natural Resource Mgr I	5	0	0	0	5
Natural Resource Mgr II	2	0	0	0	2
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Spec I	8	1	0	1	10
Natural Resource Spec II	13	2	0	0	15
Natural Resource Spec III	2	0	0	0	2
Natural Resource Tech II	3	0	0	0	3
Totals	43	3	0	1	47